

SUMMARY ANALYSIS OF AMENDED BILL

Author: Emmerson, et al. Analyst: Jessica Matus Bill Number: SB 156
 Related Bills: See Prior Analysis Telephone: 845-6310 Amended Date: March 29, 2011
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Employer Hiring Credit

SUMMARY

This bill would provide a tax credit to taxpayers that employ 50 or less employees.

RECOMMENDATION AND SUPPORTING ARGUMENTS

No position.

SUMMARY OF AMENDMENTS

The March 29, 2011, amendments would do the following:

- Add back the anti-abuse rules contained in the original law; and
- Require the Franchise Tax Board (FTB) to provide a report to the legislature.

As a result of the amendments, the "Technical Consideration" provided in the analysis of the bill as introduced February 2, 2011, has been resolved. The "This Bill," "Fiscal Impact," and "Implementation Consideration" discussions have been revised. Except for the discussion provided in this analysis, the remainder of the analysis of the bill as introduced February 2, 2011, still applies.

EFFECTIVE/OPERATIVE DATE

As a tax levy, this bill would be effective immediately upon enactment and specifically operative to taxable years beginning on or after January 1, 2012.

ANALYSIS**THIS BILL**

For taxable years beginning on or after January 1, 2012, this bill would change existing law to define a qualified employer, under the Jobs Tax Credit provisions, as one that employs 50 or less employees as of the last day of the preceding taxable year.

Board Position:

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Asst. Legislative Director

Date

Patrice Gau-Johnson

04/11/11

Further, this bill would require the FTB to provide a report on the New Jobs Tax Credit to the legislature on or before January 1, 2013, that includes the following:

- The number of employers that were allowed to use the credit;
- The amount of credit utilized and carried over;
- The average number of employees that were hired by taxpayers that claimed the credit; and
- The aggregate data to compare whether there were more employers claiming the credit year to year.

IMPLEMENTATION CONSIDERATIONS

This bill would require the FTB to provide a report on the usage of the Jobs Tax Credit. This report must be provided to the Legislature no later than January 1, 2013. As currently written, the bill would require a one-time report including only information from the operative date of the bill, January 1, 2012. Personal Income Tax returns and most corporation returns may be filed, with extension, until October 15 following the taxable year. Most information for the 2012 taxable year is available by November 2013. If the report must be provided by January 1, 2013, the 2012 taxable year data would not yet be included in the report because it would not be processed by the due date currently listed in the report.

If the author's intent is for the FTB to provide a report of the Jobs Tax Credit that includes information prior to 2012 or to provide this report more than one time, the bill should be amended to specify these requirements.

FISCAL IMPACT

Department staff is unable to determine the costs to administer this bill until the implementation concerns have been resolved, but anticipate the costs to be minor.

SUPPORT/OPPOSITION

Support: None provided.

Opposition: American Federation of State, County and Municipal Employees (AFSCME), California Tax Reform

LEGISLATIVE STAFF CONTACT

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